

### III. F. Reporting of General Progress of the Auction

During the reporting phase, the Auction Manager reports on the general progress of the Auction to all bidders with positive eligibility or with retained withdrawals, to a list of representatives from Ameren, to the ICC Staff, and to the Auction Advisor. The Auction Manager reports a measure of the total excess supply in each segment of the Auction and reports the going prices for each product in the next round.

The total excess supply in the Spot Market Segment is the total number of tranches bid for the BGS-LRTP product minus the tranche target for the BGS-LRTP product, or zero, whichever is greater. The total excess supply in the Fixed Pricing Segment is the sum, over all products for which the number of tranches bid exceeds the tranche target, of the excess supplies for the individual products, plus all tranches of free eligibility.

The manner in which the total excess supply in each segment is reported to bidders changes as the Auction progresses. Toward the end of the Auction, when excess supply is small relative to the Auction volume in the segment, the Auction Manager will report excess supply in a range. For example, if the Auction Volume in the Fixed Pricing Segment were 80 tranches, and if excess supply were 21 tranches, the Auction Manager may report that the total excess supply in the Fixed Pricing Segment was below 30 tranches. Earlier in the Auction, when excess supply is larger relative to the Auction Volume in the segment, the Auction Manager will report a more precise measure of total excess supply, providing either a narrower range or the exact total excess supply. When the total excess supply has reached zero for a segment of the Auction, the bidding has closed for that segment. When bidding has closed for both segments, the Auction has ended.

The Auction Manager will announce provisional measures of excess supply for each segment when the Auction Manager announces the number of tranches to be procured for each product of each segment and when the Auction Manager announces the load caps. The Auction Manager will inform the registered bidders no later than three (3) business days after registration of the final measures of total excess supply for each segment that will be reported during the Auction.

The Auction Manager reports the going prices of all products for the next bidding phase. The going prices are calculated through formulas as explained below. However, the Auction Manager has the discretion to override any decrement in any round. The Auction Manager does not expect to use such discretion, but may do so. In the event that the Auction Manager uses discretion to override one or more decrements calculated using the formulas provided to bidders, all bidders will be notified of the override in the reporting phase of the round.

### **III. F. 1. Price Decrements for the Fixed Pricing Segment**

The price for a product only ticks down if the number of tranches bid for the product exceeds the tranche target. The amount by which a price ticks down is called a *decrement* and it is calculated as a percentage of the previous going price.

The decrement for a product is larger (and thus the price for a product ticks down more quickly) if the excess supply for that product is larger. The excess supply on a product is measured against an estimate of the maximum possible excess supply that the product could attract. This estimate takes into account the total excess supply in the Fixed Pricing Segment, the load cap for the segment, the tranche target of the product, and the number of registered bidders.

The decrement formulas allow the price decrements to be larger at the start of the Auction than in later rounds. At the start of the Auction, when the number of tranches bid on a product exceeds the tranche target, the decrement is between 0.5% and 5% of the previous round price. Decrements continue to be between 0.5% and 5% of the previous round price until the going prices for round 4 are calculated. After that time, in the first round in which the total excess supply in the Fixed Pricing Segment falls below a pre-determined threshold, will be between 0.25% and 2.5% of the previous going price, and will remain so until the end of the Auction. Provisional decrement formulas will be released to bidders along with the number of tranches and load caps for each product. Final decrement formulas, that may depend on the number of registered bidders, will be released to all bidders no later than three (3) business days after bidder registration.

All prices are in \$/MWh and will be rounded off to the nearest cent.

### III. F. 2. Price Decrements for the Spot Market Segment

The price for the BGS-LRTP product will tick down each round until bidding ends on the segment. The amount by which a price ticks down is called a *decrement* and it is calculated as a percentage of the previous going price. The Auction Manager expects to use a higher decrement in the first rounds of the Auction (*e.g.*, 5%) and to gradually reduce the decrement to 0.5% as the bidding draws to a close. The Auction Manager will release a provisional table providing the decrement as a function of the total excess supply in the Spot Market Segment along with the number of tranches of each product and the load cap. The Auction Manager will release a final table to all bidders no later than three (3) business days after bidder registration.

All prices are in \$/MW-day and are rounded off to the nearest cent.

### III. G. Pauses In The Auction

The Auction can be paused by either the bidders or the Auction Manager. Any one bidder can pause the Auction by requesting an *extension* during a bidding phase or a *recess* during a reporting phase (*subject to the conditions below*). The Auction Manager can call a time-out to the Auction at any time during a round.

#### III. G. 1. Auction pauses called by the Bidders

When a bidder requests an extension during the bidding phase of a round, such a request extends the bidding phase of the round for all bidders. Typically an extension will be 15 minutes but the Auction Manager may set a longer or shorter length for an extension. Bidders will be advised of the length of an extension at the start of each bidding session. An extension allows a bidder additional time to consider its bid for the current round or allows a bidder time to deal with technical difficulties in submitting bids. A maximum of one extension per round can be granted in the bidding phase of a given round; that is, the bidding phase of a round can be extended only once. Each bidder is allowed three (3) bidding extensions during the Auction. A bidder with positive eligibility is automatically deemed to have requested a bidding extension whenever the bidder has not submitted a bid during the bidding phase of a round and if the bidder has not already used its three (3) allowable extensions. Extensions from all bidders

are granted but all extensions run concurrently. All bidders that have requested a bidding extension during the bidding phase of a round will see their available number of extensions reduced and the extension will last only 15 minutes (or the time for an extension set by the Auction Manager). The Auction Manager reports to all bidders at the end of the planned bidding phase that the bidding phase has been extended.

A recess may only be requested during the calculating phase or during the reporting phase. A recess may only be requested before the scheduled last half of the reporting phase of a round starts, or before the last 5 minutes of the reporting phase of a round, whichever is earlier. (That is, if the reporting phase of a round is scheduled to be 8 minutes, then the recess must be requested before the last 5 minutes of the reporting phase; if the reporting phase of a round is scheduled to be 14 minutes, then the recess must be requested before the last 7 minutes of the reporting phase.) A recess may only be requested after round 10, and only if the total excess supply in at least one segment has reached a pre-determined threshold. The length of a recess is determined by the Auction Manager, but will be no less than 30 minutes. The Auction Manager will advise all bidders of the length of a recess at the start of the bidding session.

As soon as is feasible after the time at which a recess can be requested has passed, the Auction Manager reports to all bidders that a recess has been called. Each bidder is allowed to request at most one recess during the Auction. All recess requests are granted, but all requested recesses run concurrently. All bidders making a request in a given calculating or reporting phase will be deemed to have used a recess request. All bidders that have requested a recess will see their available number of recesses reduced to zero.

### **III. G. 2. Auction Pauses Called by the Auction Manager**

The Auction Manager can call a time-out to the Auction at any time during a round. It is intended that a time-out suspend activity in the Auction for a period of no more than four hours; however, the Auction Manager retains the discretion to suspend activity for a longer period if deemed necessary. Whenever a time-out is called, the Auction Manager reports to all bidders with a remaining obligation how long the time-out is expected to last.

During the calculating phase of round 1, the Auction Manager may call a time-out to the Auction to evaluate whether the Auction volume in a segment should be adjusted. The Auction

Manager has the discretion to call additional time-outs during the Auction. Such discretion could be used, for example, in case of an extraordinary event occurring during the Auction. The Auction Manager expects to exercise this discretion only rarely.

### **III. H. Failure To Submit A Bid**

A bidder with positive eligibility in a segment of the Auction must submit a bid in every round. This is true even when the bidder's bid does not change. This is also true for a bidder in the Fixed Pricing Segment even when the bidder is bidding only on products whose price has not ticked down.

If a bidder with positive eligibility does not submit a bid during the bidding phase of a round, the bidder is granted an extension whenever possible. If the bidder has previously used all three (3) extensions, or if the bidder does not submit a bid during the extension to the bidding phase, then the bidder has failed to submit a bid. When a bidder with positive eligibility has failed to submit a bid in a round, the bidder is assigned a *default bid*. A default bid is the minimum number of tranches on each product that the bidder could have bid on each product, as explained below.

#### **III. H. 1. Default Bid in the Spot Market Segment**

The default bid for a bidder in the Spot Market Segment is 0 tranches on the BGS-LRTP product. In round 2 and all subsequent rounds, the bidder will be deemed to have withdrawn all tranches at the highest possible exit price, namely the going price from the previous round.

As a consequence of a bidder being assigned a default bid, the bidder will be withdrawn from the segment, *i.e.*, the bidder loses the ability to submit bids in the Spot Market Segment for the remainder of the Auction. It is the responsibility of the bidder to make sure that bids are submitted on time.

#### **III. H. 2. Default Bid in the Fixed Pricing Segment**

The default bid for a bidder in the Fixed Pricing Segment in round 1 is 0 tranches on each and every product.

The default bid for a bidder in the Fixed Pricing Segment in round 2 and all subsequent rounds is described in detail as follows.

If the bidder had some tranches of free eligibility, these tranches are deemed to be withdrawn and are irrevocably removed.

If, in the previous round, a bidder did not bid any tranches on a product at the going price and, in the reporting phase of that round, the Auction Manager reported that the bidder did not have any retained withdrawals or denied switches for that product, then the bidder is assigned zero tranches for that product.

If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product at the going price for the previous round, and if the product's price ticked down from the previous round to the current round, then the bidder is deemed to have withdrawn all tranches at the highest exit price, namely the price from the previous round. The bidder loses the eligibility associated with these tranches. All tranches with a lower exit price named by bidders that have submitted a bid in the current round are retained first. All tranches with the same exit price named by bidders that have submitted a bid in the current round are retained next. If all the withdrawn tranches by the bidder and by other bidders that were assigned a default bid are needed to fill the tranche target, these tranches are retained. If some but not all of the tranches submitted by the bidder and other bidders that were assigned a default bid are needed, tranches are chosen at random to fill the tranche target, in a procedure analogous to that used for bidders that submitted a bid, as described in III. D. 5.

If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product at the going price for that round, and/or retained withdrawals, and/or denied switches; if the product's price did not tick down from the previous round to the current round; and if there is excess supply on the product in the current round, so that the price will tick down in the next round, then:

- all withdrawals that were previously retained are released and the bidder has no remaining obligation from those tranches;
- all switches that had previously been denied are outbid and the bidder is assigned free eligibility for those tranches;

- all tranches previously bid at the going price are bid again on the product at the going price. If the bidder does not bid in the next round these tranches will be withdrawn and assigned the highest exit price.

If, as of the reporting phase in the previous round, a bidder had some tranches on a particular product bid at the going price, and/or retained withdrawals, and/or denied switches; if the product's price did not tick down from that round to the current round; and if there is no excess supply on the product in the current round so that the price will not tick down in the next round, then:

- any tranches bid at the going price continue to be bid at the going price;
- if any new tranches were bid on the product at the going price in the current round, the denied switches (if any) of bidders that have been assigned default bids are outbid first, before the denied switches of bidders that have submitted a bid in the current round are outbid. If more than one bidder has been assigned a default bid, and if some but not all denied switches from such bidders are outbid, then for each denied switch that must be outbid, the Auction Manager chooses at random among the default bidders the bidder whose switch is outbid, in a procedure analogous to that used for bidders that submitted a bid, as described in III. E;
- if any new tranches were bid on the product at the going price in the current round, and if all denied switches from default bidders and from bidders that submitted a bid are outbid, retained withdrawals are released, starting with the highest named exit price. For a given exit price, tranches from bidders that have been assigned default bids (if any) are released first, before the retained withdrawals of bidders that have submitted a bid in the current round. If more than one bidder has been assigned a default bid, and if some but not all of the retained withdrawals from such bidders must be released at a given exit price, then for each retained withdrawal that must be released, the Auction Manager chooses at random among the default bidders the bidder whose withdrawn tranche is released, in a procedure analogous to that used for bidders that submitted a bid, as described in III. E.

The bidder can lose its ability to bid in the Fixed Pricing Segment for all future rounds by failing to bid during the bidding phase of a round or during its extension. It is the responsibility of the bidder to ensure that bids are submitted on time.

### **III. I. End Of Auction**

Bidding ends on each segment of the Auction separately. Bidding ends in the Fixed Pricing Segment for all products at the same time, in the reporting phase of the first round in which total excess supply is zero. At that point, all prices have stopped ticking down, and no bidder could change its bid. Bidding ends in the Spot Market Segment in the reporting phase of the first round in which total excess supply is zero. The Auction ends when bidding has ended in both segments.

At the end of the Auction, tranches are allocated to the winners and all the winners for a particular product receive the same price for that product. This price is the lowest price bid for each product that still allows supply just sufficient to fill the tranche target. The price is determined more precisely as explained below.

#### **III. I. 1. Final Auction Prices in the Fixed Pricing Segment**

The final auction price for a product depends on how the tranche target for the product was filled in the final round.

If, to fill the tranche target for a product of the Fixed Pricing Segment in the final round, only tranches bid at the going price are used, the winners are those that submitted bids at the going price from the final round. The final price given to all winners is the going price from the final round.

If, to fill the tranche target for a product in the final round, withdrawn tranches must be retained, but no switches were denied, then the winners are the bidders that submitted bids at the going price from the final round and the bidders that submitted the lowest of the exit prices. If, to fill the last tranches of the tranche target of a product in the final round, the Auction Manager must use some but not all the tranches from two or more bidders tied at the same exit price, then the Auction Manager, for each tranche, will choose at random the bidder whose



tranche is retained, as described in III. D. 3. a. The final price given to all winners is the last exit price that was accepted to fill the tranche target.

If, to fill the tranche target for a product in the final round the Auction Manager must deny requests to switch, then the winners are the bidders that submitted bids at the going price from the final round, the bidders that withdrew tranches (if any), and the bidders whose requests to switch (by reducing the number of tranches for that product) were denied. The final price received by all winners is the price at which the denied switches were last freely bid.

### **III. I. 2. Final Auction Price in the Spot Market Segment**

If in the final round the number of tranches bid for the BGS-LRTP product exactly matches the tranche target for that product, the winners are those that submitted bids at the going price in the final round. The final auction price given to all winners is the going price from the final round.

If in the final round withdrawn tranches must be retained to fill the tranche target, the winners are the bidders that submitted bids at the going price from the final round and the bidders that submitted the lowest of the exit prices. If the Auction Manager must use some but not all the tranches from two or more bidders tied at the same exit price, then the Auction Manager uses a tie-breaking procedure, as explained in section III. D. 4. The final auction price given to all winners is the last accepted exit price.

## **IV. POST AUCTION ACTIONS**

Ameren's Rider MV tariff provides for prompt post-auction consideration of the Auction results by the ICC. If the ICC concludes that grounds exist to initiate an investigation of the Auction under Section 9-250 or other applicable provisions of the Public Utilities Act, the ICC would provide notice of that conclusion to Ameren. Receipt of such a notice within the post-auction consideration period of three (3) business days would trigger a special contingency procedure as specified in the tariff. If the ICC concluded that no grounds for such a notification were present, Ameren would proceed with the acquisition of supply from the successful bidders of the Auction.

In that event, the Auction Manager will notify each winner of the number of tranches it has won and the final prices. The Auction Manager will notify Ameren of the following for each of its products in each category of the Auction: the identity of the winners, the number of tranches won by each winner, and the final price.

Following a successful Auction, each winner will have three (3) business days from the conclusion of the post-auction consideration period to execute the applicable Supplier Forward Contract and to demonstrate compliance with its creditworthiness requirements.

Following a successful Auction, a winner's financial guarantee, which will have been posted with its Part 2 Application, may be forfeited if:

- The winner does not execute the applicable Supplier Forward Contract within three (3) business days of the conclusion of a successful auction; or
- The winner fails to demonstrate compliance with the creditworthiness requirements as set forth in the applicable Supplier Forward Contract; or
- The winner fails to agree to any of the terms of the Supplier Forward Contract.

Effective with the exercise by Ameren of its right to collect on the financial guarantees, any contractual rights or other entitlements of the winners shall immediately terminate without further notice by Ameren. In addition, winners shall be liable for damages incurred by Ameren, which damages shall be determined in accordance with the terms of the Supplier Forward Contract as if the winner were a defaulting party to that Agreement.

Each winner will have to pay a fee per tranche won. This fee will be set to recover all the costs associated with the conduct of the Auctions. The Auction Manager will announce the fee per winning tranche no later than 6 days before the Auction. The fee will be netted against the first payment due to the winner during the supply period, reducing the balance paid accordingly.

## **V. ASSOCIATION AND CONFIDENTIAL INFORMATION RULES**

### **V. A. Process For Reporting Associations, Identifying Concerns, And Remedies**

Interested parties applying to qualify to bid in the Auction will be required to indicate in their Part 1 Applications whether they are part of a bidding agreement, a joint venture for purposes of participating at the Auction, a bidding consortium or some other form of arrangement between parties pertaining to bidding in the Auction. Interested parties will also be required to certify in their Part 1 Application that, should they qualify to participate in a segment of the Auction, they will not disclose information regarding the list of qualified bidders for that segment.

Once parties are qualified to bid in a segment of the Auction, each qualified bidder will be asked in its Part 2 Application to make a number of certifications, each detailed below, and to provide additional information to the Auction Manager if these certifications cannot be made. In particular, each qualified bidder in a segment will be informed of the list of qualified bidders for that segment and will be asked to certify that it is not associated with any other qualified bidder in the same segment. If a qualified bidder cannot make such a certification, it will be asked to identify associations it may have with other qualified bidders in the same segment. The criteria that determine whether two bidders are associated with one another are given below. If two bidders qualified for the same segment are associated with one another, the Auction Manager will determine whether the two qualified bidders can both participate, as well as the terms and conditions of such participation. The Auction Manager may require bidders that are qualified for the same segment and that are associated with one another to bid as one entity or to reorganize so as to no longer be associated with one another.

Qualified bidders will be asked to certify that they will undertake to appropriately restrict their disclosure of confidential information relative to their bidding strategy and confidential information regarding the Auction process (both of which are defined in V. C). Qualified bidders in a segment will also be asked to certify that they have not come and will not come to any agreement with another qualified bidder in the same segment with respect to bidding at the Auction, except as disclosed and approved by the Auction Manager in their Part 1 Application.

Before obtaining final documentation necessary to participate in the Auction, registered bidders will be required to certify that they will continue to maintain the confidentiality of any information that they will have acquired through their participation in the Auction process.

## V. B. Association Criteria

### 1. Preliminary Definitions

- a. A party ***controls*** an entity directly if the party holds a majority of shares, majority voting power, a majority of common directors, can appoint a majority of directors, or if the party in fact controls the entity's affairs through some other means. A party controls an entity indirectly if the party controls another entity that controls the entity in question (or through a longer line of control; *e.g.*, if the party controls another entity that controls an entity that controls the entity in question, *etc.*).
- b. A party ***participates*** directly in another entity Z if the party holds any class of listed shares, if it holds the right to acquire such shares, if it holds any option to purchase shares, or if it has voting power. The participation is indirect if the party participates in another entity that participates in Z (with potentially a longer line of "indirect participation"). When the participation is indirect, the percentage of participation of the party in the entity is obtained by multiplying the percentages of participation at each level.
- c. A party ***is concerned with*** the bid of a bidder if the party has confidential information relative to the bidders' bidding strategy (see definition in the next section), has agreed to provide assistance with financing or has agreed to provide assistance in another way.

### 2. Bidder A and Bidder B are associated with each other if Bidder A

- a. Controls bidder B, directly or indirectly; or
- b. Has at least a 10% participation in Bidder B and is concerned with Bidder B's bid; or

- c. Controls an entity that has at least a 10% participation, direct or indirect, in Bidder B and that is concerned with Bidder B's bid; or
- d. Is controlled by an entity that controls Bidder B directly or indirectly; or
- e. Is controlled by an entity that has at least a 10% participation, direct or indirect, in Bidder B and that is concerned with Bidder B's bid.

3. Bidder A and Bidder B are associated if there is a party which

- a. Controls Bidder A, directly or indirectly; or
- b. Has at least a 10% participation in Bidder A, directly or indirectly, and is concerned with Bidder A's bid; or
- c. Controls an entity that has at least a 10% participation in Bidder A, direct or indirect, and is concerned with Bidder A's bid; or
- d. Has confidential information about Bidder A's bid and is controlled by Bidder A; or
- e. Has confidential information about Bidder A's bid and is controlled by an entity or person that controls Bidder A directly or indirectly; or
- f. Has confidential information about Bidder A's bid and is controlled, directly or indirectly, by an entity that has at least a 10% participation in Bidder A and is concerned with Bidder A's bid;

and if this same party also has any one of the relationships (a. through f. described above) with Bidder B.

- 4. Bidder A and Bidder B are associated if there is a party that has at least a 20% participation, directly or indirectly, in both bidders.
- 5. Bidder A and Bidder B are associated if there is a party that has at least a 20% participation, directly or indirectly, in Bidder A and that:
  - a. Has at least 10% participation in Bidder B, directly or indirectly, and is concerned with Bidder B's bid; or
  - b. Is controlled by Bidder B; or
  - c. Controls a person or entity that controls Bidder B; or

- d. Controls a person or entity that: has at least 10% participation in Bidder B, directly or indirectly, and is concerned with Bidder B's bid; or
- e. Is controlled by a person or entity that controls Bidder B directly or indirectly; or
- f. Is controlled by a person or entity that has at least 10% participation in Bidder B, directly or indirectly, and is concerned with Bidder B's bid; or
- g. Is controlled by a person or entity who controls a person has at least 10% participation in Bidder B, directly or indirectly, and is concerned with Bidder B's bid.

#### **V. C. Definitions Of Confidential Information**

*Confidential information relative to the bidding strategy* means information relating to a bidder's bid for a segment, whether in writing or verbally, which if it were to be made public would be likely to have an effect on any of the bids that another bidder would be willing to submit for that segment at the Auction. Confidential information relative to the bidding strategy includes (but is not limited to) a bidder's strategy in that segment of the Auction; a bidder's indicative offer for that segment; the bidder's preference to bid for one product rather than another; the quantities that a bidder wishes to serve; the bidder's estimation of the value of a tranche; the bidder's estimation of the risks associated with serving the load in the segment; and a bidder's contractual arrangements for power with a party to serve the load in the segment were the bidder to be a winner at the Auction.

*Confidential information regarding the Auction process* means information that is not released publicly by the ICC or the Auction Manager and that a bidder acquires as a result of participating in the Auction process, whether in writing or verbally, which if it were to be made public could impair the integrity of current or future Auctions, impair the ability of Ameren to hold future Auctions, harm consumers, or injure bidders or applicants. Confidential information regarding the Auction process includes (but is not limited to) the list of qualified bidders, the list of registered bidders, the initial eligibility in the Auction, the status of a bidder's participation in the Auction, and all non-public reports of results and announcements made by the Auction Manager to all or any one bidder during the Auction.

## V. D. Certifications and Disclosures To Be Made

In certifications 1 through 11 below, "interested party" refers to an applicant for a given segment of the Auction, "qualified bidder" refers to a bidder qualified to participate in a given segment of the Auction, and "registered bidder" refers to a bidder registered to participate in a given segment of the Auction. Certifications regarding associations and confidential information will be made separately for each segment of the Auction: an applicant, qualified or registered bidder to the Fixed Pricing Segment makes the following certifications with respect to the Fixed Pricing Segment, an applicant, qualified or registered bidder to the Spot Market Segment makes the following certifications with respect to the Spot Market Segment, and an applicant, qualified or registered bidder to both segments makes the following certifications twice, once for each segment.

An interested party will be required in its Part 1 Application for a segment of the Auction to disclose any bidding agreement and / or arrangement in which the interested party may have entered. In addition, the following certification will be required and will apply from the time that the Part 1 Application has been submitted.

1. An applicant must certify that if it qualifies to participate in a segment, the applicant will not disclose at any time information regarding the list of qualified bidders, including the number of qualified bidders, the identity of any one or all entities that have been qualified, or the fact that an entity has not been qualified for participation in the Auction. The applicant must certify that it will destroy any document distributed by the Auction Manager that lists the qualified bidders within five (5) business days of the conclusion of a successful Auction.

The following certifications will be required of each qualified bidder in its Part 2 Application for a segment and will apply from the time of qualification until the conclusion of the post-auction consideration period. Each qualified bidder in a segment must consult the list of qualified bidders for that segment and attest to the following:

2. A qualified bidder must certify that it is not associated with another qualified bidder according to the criteria given above.

A qualified bidder unable to make certification 2 must identify the qualified bidders with which it is associated and the nature of the association.

3. A qualified bidder must certify that, other than qualified bidders that were explicitly named in its Part 1 Application as parties with whom the bidder has entered into a bidding agreement, joint venture for the purpose of bidding in the Auction, or bidding consortium or some other arrangement pertaining to bidding in the Auction, the bidder has not entered into any agreement with any other qualified bidder, directly or indirectly, regarding bids at the Auction, including, but not limited to, the amount to bid at certain prices, the product on which bids are placed, when or at what prices bids are withdrawn or switched, or the amount of exit prices.
4. A qualified bidder must certify that any person who will be advising or assisting the bidder with bidding strategy in the Auction, with estimation of the value of a tranche, or with the estimation of the risks associated with serving load (an *advisor*) will either (i) not provide any similar advice or assistance to any other qualified bidder; or (ii) if such person will provide similar advice or assistance to another qualified bidder, or if such person will be privy to confidential information relative to any other qualified bidder's bidding strategy, that appropriate protections have been put into place to ensure that the advisor does not serve as a conduit of information between, or as a coordinator of the bidding strategies of, multiple bidders.

A qualified bidder unable to make certification 4 must name the advisor(s) and the other bidder(s) concerned.

5. A qualified bidder must certify that the qualified bidder is not a party to any contract for the purchase of power that might be used as source of supply to serve the product or products in the segment, and that (i) would require the disclosure of any confidential information (confidential information relative to the bidding strategy or confidential information regarding the Auction process) to the counterparty under such a contract; or (ii) that would require the disclosure of any confidential information (confidential information relative to the bidding strategy or confidential information regarding the



Auction process) to any other party; or (iii) that would provide instructions, direct financial incentives, or other inducements for the bidder to act in a way determined by the counterparty in the agreement and/or in concert with any other bidder in the Auction. Notwithstanding the above, a qualified bidder may, during negotiations prior to the Auction for contractual arrangements for power to serve the load at auction in the segment were the bidder to be a winner at the Auction, discuss with the counterparty to such arrangements the nature of the products to be purchased, the volume, and the price at which it is willing to buy these products.

A qualified bidder unable to make certification 5 must disclose the contractual terms that prevent the qualified bidder from making the certification.

6. A qualified bidder must certify that it does not have any knowledge of confidential information that is relevant to the bidding strategy of any other qualified bidder.

A bidder unable to make certification 6 will be asked to name the other qualified bidder and the nature of the confidential information.

7. A qualified bidder must certify that it will not disclose confidential information relative to its own bidding strategy except to bidders that were explicitly named in its Part 1 Application as parties with whom the bidder has entered into a bidding agreement, joint venture for the purpose of bidding in the Auction, or bidding consortium or other arrangement pertaining to bidding in the Auction, bidders with which it is associated as disclosed through certification 2, to its advisors, and to its financial institution.
8. A qualified bidder must certify that, other than entities affiliated with the bidder, and other than bidders with which the bidder has entered a bidding agreement, or joint venture for purposes of the Auction, or bidding consortium, or other arrangement pertaining to the Auction, no party has agreed to defray any of its costs of participating in the Auction, including the cost of preparing the bid, the cost of any financial guarantees, the cost to be paid upon winning a tranche, or any other participation cost.

A qualified bidder unable to make certification 8 must identify the party that has agreed to defray some or all of the qualified bidder's cost of participating in the Auction, and the nature of the participation costs that the party has agreed to defray.

Furthermore, in its Part 2 Application a qualified bidder will have to certify that it will not disclose any confidential information regarding the Auction process that it has acquired or will acquire through its participation. These certifications will apply from the time of the Part 2 Application.

9. A qualified bidder must certify that if it is registered to participate in the Auction, the qualified bidder will not disclose at any time information regarding the initial eligibility in the segment or the list of registered bidders, including the number of registered bidders, the identity of any one or all entities that have been registered, or the fact that an entity has not been registered for participation in the Auction.
10. A qualified bidder must certify that it will not disclose any confidential information regarding to the Auction process to any party except to its advisors and bidders with which it is associated.

Following a successful Part 2 Application, the registered bidder will be required to certify that it will continue to abide by its prior commitment to maintain the confidentiality of information regarding the Auction process. The registered bidder will be required to do so before obtaining rules and procedures essential to submit bids in the Auction. The registered bidder also certifies that it will destroy all documents provided by the Auction Manager, and any / all documents that contain confidential information on other bidders within five (5) business days of the conclusion of the post-auction consideration period. Such certification will apply from the time at which it is made, no later than five (5) business days before the start of the Auction.

11. A registered bidder certifies that it continues to abide by its prior confidentiality certifications. The registered bidder will not disclose any confidential information related to the Auction process to any party except to its advisors and bidders with which it is associated. Further, the registered bidder certifies that it will destroy all documents

written or electronic that contain confidential information regarding the Auction process or any other bidder, within five (5) business days of the conclusion of a successful Auction whether or not they were provided by the Auction Manager.

Once a successful Auction has been concluded, the ICC may choose to release information regarding final auction prices and the names of the winners. At that point, a winner may itself release information regarding the number of tranches it has won and the products that the winner will be supplying. The winners and losing bidders otherwise continue to be bound by their certifications as described previously.

#### **V. E. Actions To Be Taken If Certifications Cannot Be Made**

If a party cannot make all the above certifications, the Auction Manager will decide within five (5) business days on a course of action on a case-by-case basis. To decide on this course of action, the Auction Manager may make additional inquiries to understand the reason for the inability of the bidder to make the certification.

In general, qualified bidders that are associated with one another, or that have entered into agreements regarding bidding in a segment of the Auction, are considered as one bidder for the purposes of application of the load cap in that segment and for the administration of the Auction. Bidders can be allowed to bid independently or can be asked to end their association or agreement as a condition of participation, as circumstances warrant. If qualified bidders are asked to end their associations they will be given five (5) business days to do so.

If qualified bidders do not comply with additional information requests by the Auction Manager regarding certifications required in the Part 2 Application, or do not comply with a request from the Auction Manager to end their associations, this may be sufficient grounds for the Auction Manager to reject the application.

Sanctions can be imposed on a qualified bidder for failing to properly disclose information relevant to determining associations, for coordinating with another bidder without disclosing this fact, for releasing confidential information except as provided in certifications 3, 5, and 7, for disclosing information during the Auction to a person other than those specified in certification 9, and in general for failing to abide by any of the certifications that the bidder will

have made in its Part 1 or Part 2 Application. Such sanctions can include, but are not limited to, any one or more of the following: the loss of all rights to provide supply for tranches won in the Auction by such bidder; the forfeiture of letters of credit and other fees posted or paid; liquidated damages of \$100,000; action under state or federal laws; attorneys' fees and court costs incurred in any litigation that arises out of the bidder's improper disclosure; debarment from participation in future Auctions; prosecution under applicable state and federal laws; and / or other sanctions that the ICC may consider appropriate. Should such an event occur, the Auction Manager will make a recommendation regarding a sanction.

## **VI. GLOSSARY OF AUCTION TERMS**

### **1. Associated With**

A bidder is associated with another if the two bidders have ties that could allow them to act in concert or that prevent them from competing actively against each other in the Auction. Specific criteria for associations are provided in section V.

### **2. Auction Volume in a Segment**

The Auction volume in a segment is a number of tranches that Ameren will purchase through a segment of the Auction to serve the load of the Ameren Illinois Control Area, which includes; AmerenCILCO, AmerenCIPS, and AmerenIP. The Auction Manager, in accordance with confidential guidelines, may cut back on the Auction volume in one or both segments.

### **3. Basic Generation Service Load (BGS Load)**

The BGS Load is the full electricity requirement of retail customers of Ameren that have not chosen to receive electric power and energy from an ARES, less nominal generation supplied by QF's.

### **4. Basic Generation Service-Fixed Pricing Load (BGS-FP Load)**

Basic Generation Service-Fixed Pricing Load is a residual, defined as the BGS Load excluding the Basic Generation Service – Large Customer Fixed Pricing Load, and the Basic Generation Service – Large Service Real-Time Pricing Load, adjusted for system losses. It will

represent the load of all Residential and Small Business customers that have not chosen an ARES.

5. Basic Generation Service-Fixed Pricing Supply (BGS-FP Supply)

Basic Generation Service-Fixed Pricing Supply refers to all of the services necessary for Ameren to serve its Residential and Small Business customers, including energy, capacity, certain transmission-related (excluding those Network transmission rights that Ameren provides to the Suppliers), volumetric risk management, and renewable energy compliance services.

6. Basic Generation Service – Large Customer Fixed Pricing Load (BGS-LFP Load)

Basic Generation Service – Large Customer Fixed Pricing Load is the sum of the hourly load of all LC&I customers who elect, within the 30-day open enrollment period, to take BGS-LFP times a loss expansion factor, to appropriately reflect system losses.

7. Basic Generation Service – Large Customer Fixed Pricing Supply (BGS-LFP Supply)

Basic Generation Service – Large Customer Fixed Pricing Supply refers to all of the services necessary for Ameren to serve its Large Commercial and Industrial customers, including energy, capacity, certain transmission-related (excluding those Network transmission rights that Ameren provides to the Suppliers), volumetric risk management, and renewable energy compliance services. This is applicable to all customers over 1 MW of demand, who elect to take service under Ameren's Rider BGS-L and Rider MV tariffs.

8. Basic Generation Service – Large Service Real-Time Pricing Load (BGS-LRTP Load)

The Basic Generation Service – Large Service Real-Time Pricing Load is the sum of the hourly load of Large Commercial and Industrial customers who take service under this rate ("Basic Generation Service – Large Service Real-Time Pricing customers") times the loss expansion factor associated with each respective rate class. LC&I customers take BGS-LRTP if they have not elected BGS-LFP or the service of an ARES.

9. Basic Generation Service – Large Service Real-Time Pricing Supply (BGS-LRTP Supply)

The Basic Generation Service – Large Service Real-Time Pricing Supply refers to all of the services necessary including energy, capacity, ancillary, certain transmission-related (excluding those Network transmission rights that Ameren provides to the Suppliers), volumetric risk management and renewable energy compliance services for Ameren to serve its Large Commercial and Industrial customers (those customer who have not chosen the BGS-LFP option and have not chosen an ARES) or smaller customers who voluntarily elect a real time pricing service

10. Bid in the Fixed Pricing Segment

A bid in the Fixed Pricing Segment represents the number of tranches that a bidder wishes to serve for each product in that segment at the going prices in force at that point in the Auction. In all rounds except the first, to fully specify a bid, a bidder may be asked for information in addition to the number of tranches to which it wishes to subscribe for each product, such as switching priorities and exit prices.

11. Bid in the Spot Market Segment

A bid in the Spot Market Segment represents the number of tranches that a bidder wishes to serve of BGS-LRTP Load at the going price in force at that point in the Auction. In all rounds except the first, to fully specify a bid, a bidder may be asked for an exit price.

12. Bidding Phase

The bidding phase is the first phase of a round, during which bidders place bids. A bidder that submits a bid in a round may revise or change this bid as long as the bidding phase of the round is still open.

13. Calculating Phase

The calculating phase is the second phase of the round, during which the Auction Manager tabulates the results of that round's bidding phase and calculates the prices for the next round.

14. Categories

There are three (3) separate BGS categories that are part of the Auction, which consist of; BGS - FP Load, BGS - LFP Load, and BGS – LRTP Load.

15. Contingency Plan

If the Auction volume in a Segment is restricted to less than 100% of the Auction Volume for the segment, Ameren will implement a Contingency Plan for the remaining tranches. Under the Contingency Plan for the Fixed Pricing Segment described in Ameren's Rider MV tariff, Ameren will purchase for one year necessary services including installed capacity, energy, and ancillary services, *etc.*, through MISO-administered tariff or markets for the amount of the shortfall.

16. CPA

CPA is the Competitive Procurement Auction, supply costs from which may be passed through to Ameren's retail customers in accordance with Ameren's Rider MV tariff approved by the ICC.

17. Decrement

If the number of tranches bid exceeds the number of tranches needed for a product, the price for the product falls by a decrement in the next round. The decrement varies in each round based on the excess supply on a product. In the Fixed Pricing Segment, the excess supply on a product is measured against an estimate of maximum possible excess supply on that product.

18. Denied Switches (Fixed Pricing Segment only)

The Auction Manager denies reductions in the number of tranches bid for a product from switches when the tranches bid at the going price and the withdrawn tranches that can be retained are not sufficient to fill that product's tranche target. Denied switches are retained at the last price at which they were freely bid

19. Eligibility in the Fixed Pricing Segment

A bidder's eligibility in round 1 is the bidder's initial eligibility for the Fixed Pricing Segment, as defined below. A bidder's eligibility in round 2 is the total number of tranches bid for all products in the Fixed Pricing Segment in round 1. For any subsequent round, a bidder's eligibility is the bidder's eligibility in previous round minus the number of tranches that the

bidder withdrew in the previous round (whether or not the Auction Manager retains these withdrawn tranches).

20. Eligibility in the Spot Market Segment

A bidder's eligibility in round 1 is the bidder's initial eligibility for the Spot Market Segment, as defined below. A bidder's eligibility in round 2 is the number of tranches bid for the Spot Market Segment in round 1. For any subsequent round, a bidder's eligibility is the bidder's eligibility in previous round minus the number of tranches that the bidder withdrew in the previous round.

21. Initial Eligibility for a Segment

A bidder's Initial Eligibility for a segment is the bidder's Eligibility in round 1, and is equal to the number of tranches that a bidder has financially guaranteed with a letter of credit with its Part 2 Application for that segment. Initial eligibility can never exceed the load cap for the segment.

22. Eligibility Ratio

An eligibility ratio is obtained by dividing the total eligibility in a segment by the Auction Volume in the segment. This value is compared to a minimum target level that the Auction Manager has established, in order to assure that the Auction has a reasonable level of competition present. The Auction Manager may cut back the number of tranches to be bid upon in one or both segments of the Auction, if the calculated level is below this target.

23. End of Auction

The Auction ends in the reporting phase of the first round in which the total excess supply for both segments is zero. At this point, none of the prices can tick down any further and no bidder could change its bid.

24. Excess Supply

The excess supply on a product is the number of tranches bid at the going price for the product minus the product's tranche target, or it is zero, whichever is greater.

25. Exit Price



The bidder names an exit price for the tranches of a product that the bidder is no longer willing to serve at the price for the current round. An exit price must be a price higher than the going price and less than or equal to the previous round's going price for the product. In the Fixed Pricing Segment, no exit price is named when withdrawing tranches of free eligibility.

#### 26. Extension

A round extension extends the bidding phase of a round. Typically an extension will be 15 minutes but the Auction Manager may set a longer or shorter length for an extension. Bidders will be advised of the length of an extension at the start of each bidding session. Each bidder is allowed three (3) round extensions during the Auction. A bidder is automatically deemed to have requested a bidding extension whenever no bid has been received from the bidder by the end of the scheduled bidding phase of a round and the bidder has not already used its three (3) allowable extensions.

#### 27. Financial Guarantee

Each qualified bidder must post a financial guarantee, in the form of a letter of credit for each segment of the Auction, proportional to its indicative offer at the maximum starting price. Some bidders may be required to post additional pre-Auction security depending on a creditworthiness assessment.

#### 28. Fixed Pricing Segment

The Fixed Pricing Segment contains products to serve BGS-FP Load and BGS-LFP Load.

#### 29. Free Eligibility (Fixed Pricing Segment Only)

Free eligibility is a number of tranches that were previously denied switches and then released by the Auction Manager, in the current round, that the bidder can assign to any product(s) or at the bidder's option, withdraw, with no exit price named and these tranches will not be retained.

#### 30. Full-requirements Service

Full-requirements includes all energy, capacity, ancillary, certain transmission-related (excluding those Network transmission rights that Ameren provides to the Suppliers),

volumetric risk management and renewable energy compliance services necessary for Ameren to serve its retail customers and to fulfill all its requirements as the MISO Load Serving Entity (LSE).

### 31. Going Price

The going price for a product in a round is the price at which the Auction Manager is soliciting bids in that round. A bidder that submits a bid in a round declares itself ready, willing and able to supply the number of tranches bid for each product at the going price for the product, should it be selected a winner.

### 32. Indicative Offers

An indicative offer for a segment states a number of tranches that the participant is willing to serve in the segment at the maximum starting price and a number of tranches that the participant is willing to serve at the minimum starting price. The indicative offer at each price cannot exceed the load cap for the segment. These indicative offers are considered in determining starting prices for the Auction. Indicative offers are provided with the Part 2 Application.

### 33. Load Cap

A load cap for a segment is the maximum number of tranches that a bidder can win and serve for that segment. The load cap for a segment will be set at 50% of the Auction volume for the segment, rounded up to the nearest tranche.

### 34. Minimum and Maximum Starting Prices for a Segment

The minimum and maximum starting prices for a segment establish the range of possible round 1 prices for that Segment of the Auction. Ameren, in consultation with the Auction Manager, ICC Staff and the Auction Advisor, will choose a starting price for round 1 of the Auction that is between the minimum and the maximum starting prices.

### 35. MW-Measure

The approximate measure in MW of a single tranche for a product, considering all customers that could take the service in question. It is anticipated that this value will be near 100 MW.

## 36. Non-summer Factor

The factor by which the final auction price of a product of the Fixed Pricing Segment is multiplied to determine the price paid to each BGS-FP or BGS-LFP Supplier for every kWh of load supplied in each non-summer month of the supply period. The non-summer factor will cause BGS-FP and BGS-LFP Suppliers to receive less than the final auction price for sales in the non-summer months (October through May) when their costs to serve this load are generally lower.

## 37. Outbid (Fixed Pricing Segment only)

A denied switch or a withdrawal is outbid when it is replaced in filling the tranche target by a new tranche bid at the going price.

## 38. Part 1 Application

*In their Part 1 Applications, interested parties will be asked to submit financial information so that Ameren can assess their creditworthiness. In addition, parties will be asked to comply with other qualification criteria including: agreeing to comply with all rules of the Auction; agreeing that if they become Auction winners, they will execute the Supplier Forward Contract within three (3) business days of the conclusion of the post-auction consideration period; and agreeing that if they become Auction winners, they will demonstrate compliance with the creditworthiness requirements set forth in the Supplier Forward Contract. In the second and subsequent Auctions, such creditworthiness requirements will take into consideration all CPA Supply obligations held by the Auction winner, including those from past Auctions.*

## 39. Part 1 Application Date

The date on which the Part 1 Applications are due. This date will be set no later than thirty three (33) business days prior to the earliest possible auction commencement date.

## 40. Part 2 Application

In the Part 2 Application, qualified bidders for a segment will make a number of certifications regarding associations, to ensure that they are bidding independently of other parties in the segment and to ensure the confidentiality of information regarding the Auction.

With their Part 2 Application, qualified bidders in a segment will be required to submit an indicative offer for the segment and to submit a financial guarantee in proportion to their indicative offer.

41. Part 2 Application Date

The date on which Part 2 Applications are due. This date will be set no later than twenty (20) business days before the start of the Auction.

42. Products

A product in the Auction is a load category for a given supply period. The products are divided into two segments. In the Fixed Pricing Segment there will be four (4) products: BGS-FP 17-months, BGS-FP 29-months, BGS-FP 41-months, and BGS-LFP 17-months. In the Spot Market Segment there will be one product, BGS-LRTP 17-months. All supply periods begin January 1, 2007.

43. Qualified Bidder

An interested party that has submitted a Part 1 Application for a segment and that has satisfied all conditions of the Part 1 Application becomes a qualified bidder for that segment. Interested parties will be notified that they have qualified for a segment no later than three (3) business days after the Part 1 Application Date.

44. Recess

A recess is a suspension of the Auction for a period of no less than thirty minutes, giving bidders more time to consider their bids. A bidder may request a recess in the calculating phase or the reporting phase of a round. Each bidder is allowed only one recess during the Auction. A bidder cannot request a recess in the first ten rounds of the Auction. Starting in the eleventh round, a bidder in a segment may request a recess in a round if the total excess supply in the segment meets a pre-established threshold.

45. Reductions (Fixed Pricing Segment only)

Reductions in the number of tranches bid on a product for which the price has ticked down can be in the form of a withdrawal (*i.e.*, reducing the number of tranches bid on a product without increasing the number of tranches bid on other products, and thus reducing the number

of tranches bid in total) or a switch (*i.e.*, re-assigning the total number of tranches bid so that the number of tranches bid on one or several products is reduced, but the number of tranches bid on other products is increased by the same amount) .

#### 46. Registered Bidder

A qualified bidder for a segment that submits a Part 2 Application for that same segment and that satisfies all conditions of the Part 2 Application becomes a registered bidder for that segment. Conditions of the Part 2 Application include the submission of an indicative offer and financial guarantees. These conditions also include making certifications relating to the Association and Confidential Information Rules or, if not all these certifications can be made, providing additional information to the Auction Manager and abiding by the subsequent course of action decided by the Auction Manager.

#### 47. Reporting Phase

The reporting phase is the third and final phase of a round, during which the Auction Manager informs the bidders of the results of that round's bidding phase. All bidders are informed of the going prices for the next bidding phase and are provided with a range of total excess supply for each segment of the Auction. Each bidder privately receives the results of the bidder's own bid from that round, indicating to each bidder its obligation and its eligibility at this point in the Auction.

#### 48. Round

The Auction runs in discrete time periods called rounds. Each round has a bidding phase, a calculating phase, and a reporting phase.

#### 49. Round 1 Prices

The round 1 prices for each product of a segment are announced to registered bidders for that segment three (3) business days before the Auction starts.

#### 50. Rounding

Prices and exit prices in the Fixed Pricing Segment are in dollars per MWh and are rounded off to the nearest cent. Prices and exit prices in the Spot Market Segment are in dollars per MW-day, rounded to the nearest cent.

## 51. Segment

There are two segments. The Fixed Pricing Segment contains products for both the BGS-FP Load and the BGS-LFP Load. The Spot Market Segment contains the BGS-LRTP product.

## 52. Session

Each day in the Auction will consist of two or more bidding sessions. Each bidding session will consist of a number of rounds. The number of rounds in a bidding session will likely increase as the Auction progresses.

## 53. Spot Market Segment

The Spot Market Segment contains the BGS-LRTP product.

## 54. Summer Factor (Fixed Pricing Segment only)

The factor by which the final auction price of a product of the Fixed Pricing Segment is multiplied to determine the price paid to each BGS-FP or BGS-LFP Supplier for every kWh of load supplied in each summer month of the supply period. The summer factor will ensure that BGS-FP and BGS-LFP Suppliers are paid at a higher rate than the final auction price for sales in the summer months (June through September) when their costs to serve the load are generally higher.

## 55. Switches and Switching (Fixed Pricing Segment only)

Switching involves an increase in the number of tranches bid on some products while at the same time a reduction in the tranches bid on other products in that same segment. Switching occurs when a bidder reallocates its tranches bid without changing the total number of tranches bid on all products. Switching alone has no effect on eligibility.

## 56. Switching Priority (Fixed Pricing Segment only)

A switching priority is a preference assigned to one of the products for which a bidder is increasing its number of tranches bid. The bidder is required to assign a switching priority when the bidder is increasing the number of tranches bid for more than one product.

## 57. Target Eligibility Ratio

The target eligibility ratio is a desired ratio of bids to the total number of tranches in a segment.

58. Time-Out

A time-out is a pause in the Auction. A time-out suspends activity in the Auction for generally less than four hours, however if circumstances warrant, the Auction Manager has the discretion to require a longer period. The Auction Manager can call a time-out at any time during a round, and provides all bidders an estimate of how long the time-out is expected to last.

59. Total Excess Supply

The total excess supply in the Fixed Pricing Segment is the sum, over all products for which the number of tranches bid exceeds the tranche target, of the excess supplies for the individual products, plus all tranches of free eligibility. The total excess supply in the Spot Market Segment is the total number of tranches bid for the BGS-LRTP product minus the tranche target for the BGS-LRTP product, or zero, whichever is greater.

60. Tranche

A tranche of one product is a full-requirements, fixed percentage share of Ameren's Control Area BGS-FP, BGS-LFP or BGS-LRTP Load for a specified number of months beginning on January 1, 2007 for the first Auction, and on June 1 of each year thereafter.

61. Tranche Size

The tranche size is the percentage share of the Ameren's BGS-FP, BGS-LFP or BGS-LRTP Load represented by one tranche, and is roughly equal to 100 MW of peak demand. The Auction Manager, prior to the Auction, determines the number of tranches of each type. Each tranche represents an equal percentage of load for AmerenCILCO, AmerenCIPS, and AmerenIP, located in the Ameren Illinois Control Area.

62. Tranche Target

The tranche target is the number of tranches available at the Auction for a product.

63. Withdrawal

A bidder is making a withdrawal in the Fixed Pricing Segment when the bidder is reducing the total number of tranches bid in that segment. A bidder is making a withdrawal in the Spot Market Segment when the bidder is reducing its number of tranches bid on the BGS-LRTP product.